



*Hawaii Community
Development Authority*



2008
ANNUAL
REPORT



Letter to the Governor



The Honorable Linda Lingle
Governor
State of Hawaii

Dear Governor Lingle:

It is with great pleasure that we present the Hawaii Community Development Authority's (HCDA) Annual Report for the 2007-2008 Fiscal Year. This report covers the Authority's activities to enliven Kaka'ako and to foster the development of a vibrant new community in Kalaeloa that the people of Hawaii can be proud of.

During the past fiscal year, the Authority has put its efforts into planning the future growth and development of these two very important regions of Oahu. Our focus has been to support the development of communities that are people-oriented neighborhoods that will add to the quality of life in Hawaii. Our accomplishments would not have been possible without the contributions and participation of the community-at-large, stakeholders of the Kaka'ako and Kalaeloa Districts, and the support of State and County policymakers. The public's input and support have had a profound and positive influence in the work of the Authority in addressing our legislative mandates and the needs of our communities.

In the Kaka'ako District, the Authority worked with the community to manage the evolution of a place in between downtown and Waikiki into an urban village. Hundreds of people contributed their time and ideas: in the compilation of a Supplemental Environmental Impact Statement for the new Kaka'ako Mauka Area; in effecting the transition of management of the Kewalo Basin Harbor from the State Department of Transportation to the HCDA; and in developing guiding principles to shape redevelopment of Kaka'ako's waterfront lands.

In the Kalaeloa District, many individuals and groups have invested many hours and physical labor to beautify and effect safety improvements in the District. Kalaeloa stakeholders are also actively participating in the promulgation of administrative rules that will guide the reinvention of a military base as a community incubator for West Oahu.

Our thanks and appreciation go out to the many individuals and groups who supported the work of HCDA in the past year, and we look forward to their continued support in the year ahead.

Respectfully yours,

Jonathan W.Y. Lai
Chairperson
Hawaii Community Development Authority



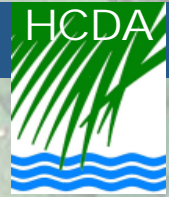
Table of Contents

**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY
2008 ANNUAL REPORT
A report covering the period of
July 1, 2007 - June 30, 2008**

Table of Contents

Introduction:	Page 1
The Kaka'ako Community Development District.....	Page 3
The Kalaeloa Community Development District.....	Page 13
Financial Information.....	Page 21
Authority Members.....	Page 26

Introduction: *The Hawaii Community Development Authority*



The Hawaii Community Development Authority (HCDA) was established to supplement traditional community renewal methods by promoting and coordinating public and private sector community development. The 1976 State Legislature created the HCDA to plan for and to revitalize areas in the State which lawmakers find to be in need of timely redevelopment. This legislative mandate makes the HCDA responsible to conduct comprehensive planning; effectively administer its zoning regulation; and directly promote economic development in the Kaka'ako and Kalaeloa Community Development Districts. HCDA is able to go beyond traditional urban renewal methods by facilitating collaborative community development efforts involving both the public and private sectors.

In creating the HCDA, the Legislature also designated the Kaka'ako area of Honolulu as the Authority's first Community Development District, recognizing its potential for growth and development and its inherent economic importance to Honolulu as well as to the State. Lawmakers found that Kaka'ako was significantly underdeveloped and underutilized relative to its central location in urban Honolulu. The Legislature foresaw that the redevelopment of Kaka'ako offered tremendous opportunities to provide more housing, parks, and public facilities, as well as facilitating the establishment of new commercial and industrial space near downtown Honolulu.

In 2002, the State Legislature, citing its proven record of achievement, assigned redevelopment responsibility for the Kalaeloa Community Development District to the HCDA. Recognizing Kalaeloa's development potential, HCDA adopted a Master Plan to transform the District into a model community that will offer new jobs, nurture increased private sector investment, and provide enhanced public facilities for the people of West Oahu. Lawmakers also added five new members to the Authority to represent the Kalaeloa District.

Organization of HCDA

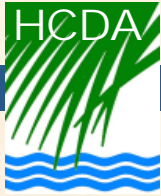
HCDA is a public instrumentality and body corporate attached to the Department of Business, Economic Development & Tourism for administrative purposes. The Authority is composed of 18 voting members from the private and public sectors who oversee HCDA operations and establish policies to implement its legislative objectives. Four of these members are ex officio voting members from the following State departments: Accounting and General Services; Budget and Finance; Business, Economic Development & Tourism; and Transportation. In addition, the Governor appoints three members from a list of names submitted by the Honolulu City Council, two members from lists submitted by the Senate President and the Speaker of the House, as well as four members at-large. The five Kalaeloa members include: the Chairperson of the Hawaiian Homes Commission; the Director of the City Department of Planning and Permitting; two community representatives (one each appointed by the Governor and the Mayor of Honolulu); and a Hawaiian cultural resources specialist appointed by the Governor. The Executive Director serves as the chief executive officer and is appointed by the Authority members. The staff includes professionals trained in planning, engineering, architecture, asset management, real estate development, finance, public information and administrative services.



Kaka'ako



Kalaeloa



Guiding the Futures of Kaka'ako and Kalaeloa

The Hawaii Community Development Authority (HCDA) is charged with creating communities within the Kaka'ako and Kalaeloa Districts. To accomplish this objective, the HCDA will look to spur new investment in these areas by constructing essential public infrastructure (i.e., roadways, utilities, parks) via the pursuit of Improvement District (ID) projects, ensuring that its rules and design guidelines are followed.

The plans created for these districts envisions communities that are walkable, where housing, shopping, jobs and entertainment are intermixed and in close proximity to each other. The Kaka'ako and Kalaeloa Plans foster development that offers people choices: a wide range of housing opportunities, park and outdoor recreation areas, and connections that make urban living convenient and comfortable.

The Kaka'ako Plan promotes economic development, preserves our diverse cultural heritage, and incorporates best practices in energy and environmental sustainability. The Plan describes the establishment of a mixed-use neighborhood that, when fully realized, will contribute to making Honolulu a great city. Although the work to achieve this vision in Kaka'ako is far from complete, HCDA has made significant progress to date. In 1980, there were some 1,100 residences in Kaka'ako, none of them were reserved for either affordable rental or sale. Today, the HCDA has permitted an additional 2,089 market-priced residential units and directed that an additional 1,388 affordable units are constructed, with another 63 reserved units released to the buyers in 2008, and more are on the way. While Kaka'ako's residential population has grown from 2,798 to over 8,000 over the past 31 years, the number of parkland acres have increased from 1.65 acres to 45 acres, with more in the works. The \$155 million invested by the State, along with the \$48 million spent by utility companies and private landowners, for Kaka'ako's infrastructure improvements has also resulted in over \$2 billion in private sector investment in the District: In the past year alone, \$304 million has been invested by private development in Kaka'ako.

In Kalaeloa, the HCDA is poised to make a profound contribution to the future of West Oahu. Our mission for Kalaeloa is to create economic, cultural, social and environmental value for the region, to lead a sustained, long-term public/private commitment to establish the District as a Wahi Ho'okela (Center for Excellence) through planning, partnership, advocacy, and stewardship. A significant milestone was achieved in 2006 when, with the input and participation of Kalaeloa and regional landowners, businesses, and community groups, a

master plan was adopted for Kalaeloa. The Plan has set the course for the exciting future envisioned for the District. In Kalaeloa, HCDA's focus is to set the stage for economic development. The Authority's aim is to reconnect the former base to the surrounding communities and to encourage transit-oriented development. Kalaeloa presents a tremendous opportunity to capitalize on creating higher density, mixed-use neighborhoods, with the public and private sectors working together to achieve it.



The Kaka'ako Community Development District, a 600-acre neighborhood in urban Honolulu, includes the area bounded by Piikoi, King, and Punchbowl Streets and Ala Moana Boulevard, as well as the stretch of waterfront from Kewalo Basin to Forrest Avenue. It also includes the Hawaiian Electric power plant site in downtown Honolulu.



In 1982, following an intensive five-year planning process, the Authority adopted the Kaka'ako Community Development District Plan. This Plan and associated rules serve as the basis for both public and private development in Kaka'ako. The Plan was subsequently amended to include the Kaka'ako waterfront area and is currently comprised of two documents: the Mauka Area Plan (covering the area on the mountainside of Ala Moana Boulevard) and the Makai Area Plan (covering the lands on the ocean side of Ala Moana Boulevard). The HCDA periodically reexamines and revises its plans for Kaka'ako in order to stay current with innovative urban planning ideas as well as to respond to changing social and economic conditions.

Since the adoption of the Kaka'ako Plan in 1982, the HCDA has administered land use and zoning regulations to ensure that development occurring in the District meets the provisions of the Kaka'ako Plan. The Plan and its associated Administrative Rules includes specific requirements relating to height, density, building setbacks, open space, view corridors, streetscapes, landscapes and tower footprints. Additionally, the Plan contains schemes for reserved housing, transportation, open space, recreation areas, public facilities, and infrastructure.

Vision and Mission for Kaka'ako

HCDA's vision for Kaka'ako is to establish the District as the most desirable urban place in Hawaii in which people can work, live, visit, learn and play. This direction supports the legislative intent of a mixed-use district where residential, commercial, industrial, and public uses complement each other.

The mission of the HCDA for Kaka'ako is to transform the District into a dynamic urban neighborhood that accommodates a mix of people with a wide spectrum of social and business activities. The HCDA serves as an infrastructure developer, landowner, city planner, regulator, and asset manager to expeditiously implement Kaka'ako's master plan. In doing so, the HCDA contributes to the economic development of the region, regional culture and arts; establishes housing opportunities; and in the process, creates new neighborhoods.



Over the past three years, a draft plan for Kaka'ako's Mauka Area was prepared with the participation of area stakeholders and the general public. A supplemental environmental impact statement (SEIS) was prepared for the Draft Mauka Area Plan and the final EIS is anticipated to be completed in January 2009.

Community and focus group meetings as well as individual meetings with Kaka'ako District stakeholders assisted the HCDA and its project consultants PlanPacific, Inc. in preparing the draft plan.

The draft plan embodies HCDA's goal of creating a pedestrian-oriented, multi-modal community in the Kaka'ako Mauka Area. It aims to improve, enhance, and promote an environment where residents and visitors are able to live, work and play in the context of urban Honolulu. The draft plan supports the development of a high-density urban center where mixed-use projects maximize the potential of each lot while preserving existing uses. To integrate structures with adjoining streetscapes and to maintain a pedestrian-oriented setting, large developments on consolidated lots, and associated street closures, are discouraged. Instead, provisions in the draft plan propose compatible uses in close proximity to one another on pedestrian-friendly streets. Inviting architectural features at street level and landscaped sidewalks are also used to enhance the pedestrian experience. Several streets are designated as "promenade" streets featuring service, retail, and entertainment activities along with much needed open space.

To enhance regional circulation, the draft plan promotes the development of a "multi-modal" transportation network that allows for safe and efficient travel by creating supportive pedestrian environments that encourage modes of transportation such as transit and bicycling. To accommodate multi-modal use, installation of medians, bicycle lanes, and traffic modifications such as the creation of one-way or two-way streets are proposed. "Green" streets, which serve as important links to Mauka Area and adjoining Makai Area parks would feature improved landscaping to beautify the streets and increase accessibility to the recreational sites.

Under the draft plan, new residential projects in the Mauka Area on lots measuring at least 20,000 square feet or more will be required to provide "Reserved Housing" units. Reserved housing units will be developed for sale or rent to workforce and/or gap group, described as being between 100 percent to 140 percent of Area Median Income range. Implementation of the Reserved Housing program, along with the ongoing efforts by the State of Hawaii Housing Finance & Development Corporation to develop affordable housing, will ensure that the poor, the gap group and the wealthy can live, work and play in the Mauka Area.

HCDA's consultant ED&W, Inc. prepared the SEIS, which analyzes the proposed amendments to the current Mauka Area Plan and Rules. It is anticipated that further revisions and adjustments to the Draft Mauka Area Plan may be necessary based on the comments provided by the public. Adoption of the final Mauka Area Plan and Rules will feature extensive public input.

Kaka'ako as a Residential Community

The need for affordable housing in Hawaii is a serious concern and Kaka'ako has the potential to provide housing for people of varying incomes, ages and family groups. To date 1,451 affordable rental and for-sale condominium units have been developed in Kaka'ako, with an additional 188 units to be developed as part of ongoing projects. The HCDA makes development of housing possible by leveraging government and private sector resources. The Mauka Area Plan's "reserved housing" provision requires developers to provide below market-priced housing units as a condition for development. A developer must "reserve" 20 percent of the total number of residential units in a development for families earning between 100 to 140 percent of median income. Under certain conditions, the Authority may allow a developer to meet the reserved housing requirement by requiring that units are developed within the Kaka'ako District, selling the units at a negotiated price to the Authority, or providing a cash payment in

lieu of providing the reserved units. In lieu funds collected thus far have been used by the HCDA to develop its own reserved housing projects.

As a function of the HCDA's regulations, a total of 1,984 residential units were completed, under construction, and /or permitted in 2008. These private sector projects represent millions of dollars in construction activity, validating the HCDA's approach of setting the stage for positive economic and social outcomes through long-range infrastructure planning and investment. Projects completed include: Moana Pacific (706 units); 909 Kapiolani Boulevard (225 units); and Keola La'i (352 units, including 63 reserved units). Projects under construction in 2008 include: 720 Kapiolani Boulevard (NCR renovation of 32 loft units), Moana Vista (492 units and at least 124 reserved rental units), and Ward Village Shops (170 rental units).



Keola La'i

New and planned projects containing reserved housing units in Kaka'ako include:

Keola La'i

A & B Kakaako LLC's Keola La'i residential/commercial development was substantially completed in late 2007. Located on land at South and Queen Streets, this complex provides 352 condominiums, and 63 units were sold at below-market prices. The developer contributed to the HCDA \$1.3 million to help pay for regional public facilities and \$1.2 million to the Reserved Housing Program. The developer conducted a public lottery to sell the 63 reserved units. The average price of the reserved one- and two-bedroom units respectively was \$290,643 and \$358,317. Purchase of reserved units was restricted to individuals qualified by income and other criteria. The project also includes: 10,000 square feet of street-level commercial storefront space; an open space plaza; and 687 parking spaces. Construction was completed in early 2008.



Moana Vista under construction

Moana Vista

Construction began in 2007 on the Moana Vista project, a mixed-use residential/commercial/ industrial high-rise complex on two sites at 1015 Kapiolani Boulevard and 1025 Waimanu Street. KCR II Development Co. LLC is the project's developer. The project includes approximately 552,000 square feet of floor area, 492 residential units, 5,500 square feet of commercial area, and 22,000 square feet of industrial space. The developer is also required to develop 124 two-bedroom reserved housing units for rent.

1226 Waimanu Project

The 1226 Waimanu project is a residential/commercial development proposed at the Makai/Ewa corner of Piikoi and Kona Streets, as part of a joint development with Phase IV of the 404 Piikoi Planned Development Project being developed by K2 Investors LLC. The 1226 Waimanu site would contain a five-story structure with commercial storefronts, parking and loading on the first floor and four floors of residential units. The complex will have 64 fee simple, reserved housing units including 32 one-bedroom/one-bath units and 32 two-bedroom/one-bath units. The HCDA conducted a public hearing on January 9, 2008 to consider proposed modifications of Kaka'ako development rules for the 1226 Waimanu Project. Modification of the rules were granted to promote a pedestrian-friendly environment with storefronts located along the public sidewalk at Piikoi Street. However, in late 2008, the developer announced that the project is on hold because of the current economic downturn.



Perspective of the 1226 Waimanu Project

Halekauwila Place

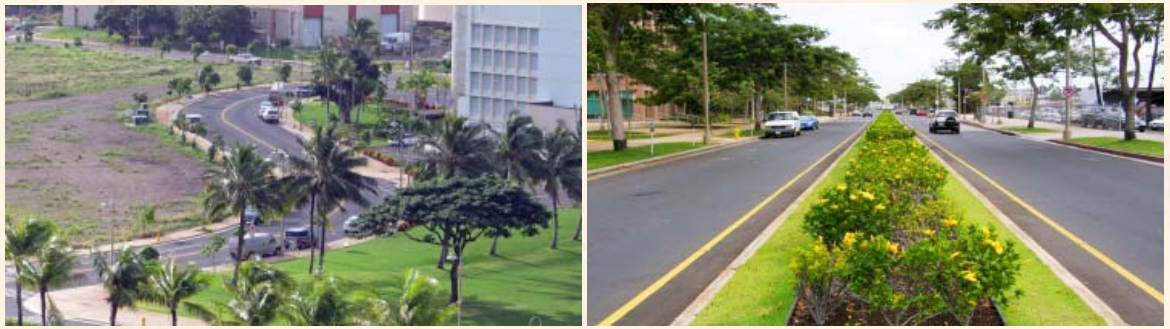
The Hawaii Housing Finance and Development Corporation has chosen Stanford Carr Development to build an 18-story complex with 196 units for low- to moderate-income renters on State land once occupied by the former Pohukaina School in Kaka'ako. The \$76 million project will be located on the Makai-Diamond Head corner of Keawe and Halekauwila Streets and will be designed to house a mix of families and young professionals with a range of incomes. Unit sizes will range from about 540-square-foot studios to 1,310-square-foot three-bedroom units. Monthly rental rates in 2010, when the complex is targeted to open, are estimated to be \$900 to \$2,500 and meet affordability guidelines for tenants earning 80 to 140 percent of Honolulu's median income. The complex would include 32 studios, 58 one-bedrooms, 86 two-bedrooms and 20 three-bedroom units. The project would also have a parking garage and retail space on the ground floor.



Illustration of the 1226 Waimanu Project



Infrastructure Improvements are the Key to Developing Communities



When the Hawaii Community Development Authority (HCDA) was created in 1976, Kaka'ako was hampered with a deteriorating and inadequate infrastructure system, much of which was put in place more than 75 years ago. Many streets were unimproved, narrow and had the tendency to flood when it rained. Some streets lacked safe pedestrian walkways and contained haphazardly and illegally parked vehicles. The existing overhead utility poles, cables and equipment cluttered the Kaka'ako streetscape. Many landowners could not afford to make the infrastructure improvements required for development of their properties.

The systematic upgrading of infrastructure is the backbone of any effort to develop functional and attractive neighborhoods. New and upgraded roadways and utility systems provide better services and promote public health and safety for the area's existing residents, businesses and visitors. As the capacity of the region's infrastructure is enhanced, landowners are better able to improve and develop their properties.

The HCDA's solution for upgrading infrastructure in Kaka'ako has been to undertake Improvement District (ID) projects. This program has proven to be a very effective method to finance and construct infrastructure improvements projects that are necessary to support the revitalization of Kaka'ako. To date, \$203 million has been invested in improving Kaka'ako's infrastructure and preparing the District to be developed into an urban community. The program has produced over \$2 billion in private sector investment in Kaka'ako. ID projects have allowed many more people to live and work in Kaka'ako. The replacement of aging infrastructure has worked to avoid situations where utilities break down, cause inconveniences, hardships and travel delays for area residents. Areas that have improved infrastructure are safer, less likely to be flooded, and better able to accommodate new developments.

Three major infrastructure projects were completed over the past four years to prepare Kaka'ako's waterfront lands for development. Ilalo Street was improved to serve as the principal collector street and thoroughfare for Kaka'ako Makai. Forrest Avenue was improved and realigned with South Street to create a straight roadway across Ala Moana Boulevard and to reconfigure the surrounding land into parcels ready for development. Ahui, Ohe and Olomehani Streets were improved to allow for development along Kewalo Basin. These streets also provide better access to the Kaka'ako Waterfront Park. As a result of this improvement, a new ½-acre passive park and 90 parking stalls were created adjacent to the Kaka'ako Waterfront and Makai Gateway Parks. The improvement has also turned an industrial area into a pedestrian friendly environment.

In Kaka'ako Mauka, the **Queen Street Extension** project (completed in 2004), created a new urban roadway that has enhanced traffic circulation in a very dynamic and growing sector of the Kaka'ako District. The new thoroughfare extends Queen Street from Kamakee Street to Waimanu Street and

allocates land for public parks on both portions of the street. Because of an increase in the project's cost and lack of funding, and in response to the majority consensus of the stakeholders along Queen Street, the Authority cancelled the Queen Street Improvements project in early 2007. This project would have involved roadway and infrastructure improvements on Queen Street between Ward Avenue and Kamakee Street. There are no plans at this time to restart this project.

Future Kaka'ako Waterfront Improvements Planned for Forrest Avenue

Forrest Avenue today provides a vital traffic link to the Kaka'ako waterfront out of Ilalo Street in all directions. From its connection to Ala Moana Boulevard at the Ward Avenue intersection, Ilalo Street serves as a relief for peak hour traffic on Ala Moana Boulevard. Forrest Avenue provides the connection to Ala Moana Boulevard at the Ewa end of Ilalo Street, and it is essential that Forrest Avenue be improved to handle the excess traffic and to ensure safe passage for pedestrians and vehicles. The Authority is planning Forrest Avenue improvements to improve safety and accommodate increases in both pedestrian and vehicular traffic and to provide improved traffic links to the John A. Burns School of Medicine (JABSOM), the proposed Cancer Research Center of Hawaii, the proposed Asia Pacific Research Center, and the proposed Office of Hawaiian Affairs headquarters. The project would also prevent flooding and rainwater ponding in the roadway and surrounding areas because of the lack of proper drainage system. It will allow left turns from the Ewa bound lane on Ala Moana Boulevard and create a safer and more convenient pedestrian crossing at the intersection of Ala Moana Boulevard and Forrest Avenue. Planned improvements would also accommodate passengers disembarking cruise ships and tour buses and allow better access to/from the container yard from Forrest Avenue

At this point in time, the major infrastructure systems of Kaka'ako have now been enhanced through HCDA's ID Program. Yet to be completed are projects that will upgrade localized sewer and utility lines and roadways fronting smaller lots in the central area of Kaka'ako. To successfully continue the improvement of Kaka'ako's infrastructure, HCDA is looking at ways to design infrastructure improvement projects in the Central Kaka'ako District with enhanced community and stakeholders agreement and participation. The intent is that future ID's in this area will be driven by the community.



Five Year Work Plan for Public Facilities, Infrastructure and Planning Projects

HCDA staff in 2008 formulated a five-year work plan and budget for Kaka'ako public facilities, infrastructure improvements, and planning projects. This plan was approved by Authority members in September 2008.

Mother Waldron Neighborhood Park: Currently, the Mother Waldron Neighborhood Park is the only active park in the Mauka Area and it is heavily used by area residents, businesses, the public and various private and charter school students in the neighborhood. Improvements will focus on the Coral Street portion of the park that was created by the closure of Coral Street between Pohukaina and Halekauwila Streets as part of the Improvement District 3 Project. Several years ago the asphalt pavement at both ends of the closed street was removed and landscaped with grass and trees. The middle portion is still paved and used every Monday for a small open market. The proposed improvements will create a "Coral Street Promenade" to allow the growth of the open market and provide a venue for special events. Improvements will include park lighting for increased public safety, decorative paving, and amenities such as an outdoor electrical outlet cabinets for the open market vendors or special events. Other improvements will include adding amenities such as a lunch wagon and additional facilities to make the park more attractive and useful. Additional facilities being planned include moving a trailer that HCDA owns to the parking lot behind the existing library distribution center. The trailer will be used as a community center and will also serve as a neighborhood library.



Mother Waldron Park

Queen-Kamakee Street Intersection Traffic Signal: A traffic signal was originally planned at the Queen and Kamakee Street intersection as part of the ID-11 project. That project was subsequently cancelled in 2007. Activities in the area have been increasing and the intersection is becoming busier. With the upcoming opening of the Ward Village Shops, it is anticipated that both pedestrian and vehicular traffic at the intersection will significantly increase. The existing four-way stop at the intersection will not function adequately once more development occurs in the area. Residents of the area have requested signalization of the intersection on several occasions before the Ala Moana/Kaka'ako Neighborhood Board. The project will include aligning both ends of Queen Street across Kamakee Street and installing a traffic signal. No other improvements will be made.



Queen-Kamakee Street Intersection

McKinley High School Track and Field: Shared public facilities within Kaka'ako Mauka can provide much-needed public amenities to the residents and community in Kaka'ako. The McKinley High School is currently developing a master plan for redeveloping its athletic facilities. The school's existing football field and track is currently in disrepair and is planned to be replaced with an artificial turf field and an all-weather track. Agency staff approached Department of Education (DOE) officials in 2008 with the idea that the HCDA fund the construction of the football field and track as a public facility within Kaka'ako. Such a public facility would enable both the community and school to jointly use the track and field for football, soccer, jogging, running, walking and other activities. Discussions with the DOE and other stakeholders are proceeding at this time on the concept and scope of the project. HCDA staff is also developing a memorandum of understanding with the DOE to implement this project.



McKinley High School Track and Field

Remediation, Capping and Interim Parking in the Makai Area: The State Department of Health ("DOH") is requiring the HCDA to remediate the Makai Area waterfront lands in the absence of a development plan for the area. The DOH has indicated that capping the sites with either a six-inch gravel cover or asphalt





paving will be considered adequate interim remediation based on location and type of contamination. Based on DOH feedback, HCDA staff has proposed a mix of asphalt paving and six-inch gravel cover for capping the contaminated sites as an interim remediation measure. To take advantage of capping, the areas with asphalt paving will be used as at grade interim parking. It is expected that the asphalt paving area will produce approximately 1500 parking stalls. This parking could be used as off-site parking for several of the life sciences projects in Kaka'ako Makai that are being planned and developed. As construction of structured parking is expensive and tends to be a financial burden to developers initially, developing interim parking provides incentives to developers to develop life science research facilities in Kaka'ako Makai as it reduces the initial cost of development. If a cultural public market is developed in Kaka'ako Makai in the near future this parking can also be serve the cultural public market. Some of this parking will also be set aside for area businesses and public use.

Master Plan for Kakaako Makai Waterfront Development and Cultural Public Market: The Kakaako Makai Community Planning Advisory Council (CPAC) is close to completing the vision and guiding principles for Kaka'ako Makai. Once the visioning for the Makai Area is completed, a master plan for the area needs to be developed. In accordance with Section 206E-34, Hawaii Revised Statutes, a cultural public market in Kakaako Makai needs to be planned and developed. . The master planning will involve the CPAC and other stakeholders in producing a community based plan for the area. Once a comprehensive master plan for the area is established the HCDA will initiate individual development projects in the area and involve the CPAC and other stakeholders in designing and implementing these projects.

Waterfront, Gateway and Kewalo Park Improvements: The Waterfront, Gateway, and Kewalo parks were built in the early 1990's and have not had any major repairs since that time. The hardscapes, fixtures, and outdoor furniture in the park have deteriorated and are in need of repair. The repair work in the parks will include replacement of concrete furniture, walkways and hardscapes, sea walls, concrete bollards, electrical fixtures, and comfort stations. In addition to these repairs, a new fitness equipment area and other recreational amenities will be constructed to make the parks more attractive to users. Design work for the repairs is already in progress and onsite repair work is expected to being in the fall of 2009.

District-Wide Parking Facility for Kaka'ako Makai: There are four new projects being developed in the Makai Area which include: University of Hawaii's (UH) Cancer Research Center of Hawaii; the Regional Bio-Safety Laboratory; Kamehameha School's (KS) Asia Pacific Research Center, and the Pump Station for Honolulu Seawater Air Conditioning. Two other potential projects that are being planned for the near future are the headquarters and cultural center for the Office of Hawaiian Affairs and UH's John A. Burns School of Medicine Phase II. One common need for all these projects is "parking". Total parking need for all six projects is estimated to be more than 2,000 stalls.



HCDA plans to cap contaminated sites in Kaka'ako Makai.



Deteriorated hardscapes, fixtures & furniture in the Kaka'ako Parks will be repaired.

Unless off-site parking for these projects is coordinated and consolidated into one or two centrally located district parking facilities, each project will be forced to build an on-site parking garage. Constructing parking structures for each project is unsightly and not an efficient use of land and resources, particularly when the projects are so close together. Also, the development cost of parking is making it difficult to develop some of the life science research facilities being proposed in the Kaka'ako Makai area, particularly so in today's economic climate. A district-wide parking facility can better meet the parking needs of all the proposed projects in the area and achieve economies of scale that would not be possible with individual projects. The HCDA, UH, and KS have been in discussion on a district-wide parking solution and have a common understanding on the need for such a project. To support the redevelopment of the Makai Area as well as the 'Life Science' complex, the HCDA is taking the lead in planning and developing a district-wide parking facility. Initial planning for the parking facility is expected to be completed by December of 2009.

HCDA Reviews Proposed Ward Neighborhood Master Plan & Considers Public Comments

General Growth Properties, Inc. is seeking approval of a Master Plan Permit for its lands in the Kaka'ako District. GGP owns over 60 acres of land generally situated in the southeast quadrant of Kaka'ako. GGP submitted an application for a master plan approval for its land holdings in April 2008. The HCDA has conducted a broad public review of the Master Plan permit application and held a public hearing in October 2008. A decision by HCDA on the Master Plan application is expected in January 2009.

Under the current Kaka'ako Mauka Area rules, a landowner owning ten or more acres of land (six of which are contiguous) is eligible to apply for a Master Plan permit. A master plan is intended to encourage timely development, reduce the economic cost of development, allow for the orderly planning and implementation of public and private development projects, and provide a reasonable degree of certainty in the development approval process. A master plan would provide public benefits to the State and affords greater flexibility to the developer within the Master Plan area than would otherwise be possible through a lot-by-lot development approach. The processing of a Master Plan Permit involves review of the urban design, public facility, open space, circulation, development objectives and commitments which are contained in the application. On the date a Master Plan application is approved, the Mauka Area Plan and Rules in effect at that time are "vested" for the 15-year term of the Permit. The vesting of the Mauka Area Plan and Rules gives assurance that all projects under the master plan will be subject to the Rules in effect at the time of vesting.

The implementation of the Master Plan requires that development and construction permits be secured for each individual project prior to construction. Development permits for these projects will be subject to the standard Project Eligibility Review Process. Project Eligibility Certification will be required to identify the specific requirements for infrastructure, traffic circulation and historic/cultural/archaeological resources generated by individual master plan projects. The HCDA must approve development permits subject to the vested Mauka Area Plan and Rules, the Permit, and the Master Plan Development Agreement.

The Ward Neighborhood Master Plan

As proposed, the Ward Neighborhood Master Plan area will be a large, mixed-use development with an emphasis on retail, office and residential uses together with supporting service and industrial uses. Major design objectives of the Master Plan include provision for connected public spaces, pedestrian supportive environment including redesign of Auahi Street as a pedestrian promenade, preservation of Mauka-Makai view corridors and an enhanced roadway network with canopy trees and pedestrian amenities. The Master Plan anticipates

extensive use of "liners" (liners are building frontage or facades that are pleasant and aesthetically pleasing and provide interaction with pedestrian traffic at ground level) around structured parking to mitigate inherent unsightliness of exposed parking garages. The Master Plan proposes approximately 246,425 square feet be provided for open space. Three proposed public spaces or plazas would establish public gathering places within the Ward Neighborhood area. All together these public plazas would provide over 5 acres of open space for public use. All of the open space lands would remain privately owned by GGP.

Community Outreach on the GGP Master Plan

HCDA established a broad community outreach program to receive public feedback on the Ward Neighborhood Master Plan. The Master Plan was made available for public review through the HCDA webpage and the public was provided opportunities to comment via the Internet, by telephone, or in writing. Also, starting June 2008, HCDA made the Ward Neighborhood Master Plan publicly available on the Internet and requested public input through a special website designed to solicit comments. The special internet portal set up for soliciting public comments remained open until the end of the scheduled public hearing. Approximately 11,000 comment forms with prepaid return postage were also sent out to Kaka'ako residents and businesses as well as community members outside the KCDD. A comment telephone hot-line was set-up to receive verbal comments from the public. The HCDA published advertisements in the two Honolulu daily newspapers as well as the Midweek to inform the public about the Master Plan review and to solicit comments from the community. Radio spots were also used to reach the broader public. HCDA staff also made presentations on the Master Plan at the Ala Moana/Kaka'ako, Downtown, and Makiki Neighborhood Boards.

On October 15, 2008, over 200 people attended a public hearing conducted by the HCDA to receive public comments on GGP Master Plan application. Forty-nine people provided oral testimony during a three hour hearing. Support for and opposition to the master plan proposal was voiced in almost equal numbers. Proponents of the GGP master plan generally expressed their support for the plan's proposal to produce housing units, public amenities, commercial opportunities, economic opportunities, and to reduce urban sprawl. Opponents told the Authority that the master plan development would create more traffic congestion, blocked view planes, and dislocated current businesses. HCDA received over 260 comments from the public on the Master Plan. The comments generally related to density, height, infrastructure adequacy, traffic, sustainability, and open space issues. These comments and another 90 received at the public hearing will be reviewed and analyzed by staff.



The HCDA conducted an open house and public hearing to inform the public on the GGP Master Plan and to receive public comments.



The HCDA is using its assets in Kaka'ako for revenue generation today and also to prepare them for future development. The HCDA's noteworthy assets include: the historic Kaka'ako Pumping Station on Ala Moana Boulevard; Kewalo Basin harbor; 44 acres of passive park space; affordable housing complexes; warehouse facilities and open yard areas. As a rule, for properties slated for future development, the HCDA leases these properties on a short-term basis to raise funds for public projects as well as to protect these assets from deterioration. For assets that are not currently slated for development, such as the Kaka'ako Pumping Station, parks and HCDA housing complexes, improving the property's condition, efficiency and comfort for users and tenants are the primary focus.

Taking Care of the Kaka 'ako District Parks

The HCDA continues to devote resources to adequately maintain the beauty, utility and safety of the 44 acres of public park space and facilities in Kaka'ako in a fiscally responsible manner. The HCDA currently provides management of the passive parklands in three facilities (Kaka'ako Waterfront Park, Kaka'ako Makai Gateway Park, and Kewalo Basin Park) in the urban core of Honolulu. These parks are enjoyed daily by thousands of people for picnics, gatherings, weddings, concerts, hill sliding, surfing and body surfing, soccer practice, jogging, relaxation and meditation. As experienced in other Hawaii park facilities, deterioration, vandalism and crime are

problems to be dealt with. Over the years, the HCDA has spent \$9 million in maintenance and improvement of the hardscape and amenities of the Kaka'ako parks. The annual cost for maintenance of the Kaka'ako District parks is approximately \$1 million. In mid-2007, another 20,000 square feet of passive park space and 90 parking stalls along the realigned Ohe Street, adjacent to the Kaka'ako Waterfront and Makai Gateway Parks were opened for public use.

In 2007 the HCDA adopted new rules to update regulations, charges and fees to govern the use of public parks in the Kaka'ako District and to assure that all users are treated fairly and have knowledge of what constitutes permissible activities. The new rules now maximize the public's enjoyment and use of the parks by making the facilities safe and the environment pleasant for all patrons. In an effort to broaden the usage and enjoyment of public State parks in the Kaka'ako District, the HCDA provides user-friendly "Web Forms" on its website. The *Web Forms* allow users to go online, fill out and send in their permit applications for group activities and sport events in the park.

To address security concerns in Kaka'ako parks, the HCDA has formed a neighborhood safety network program with the participation of Makai Area businesses and stakeholders. Currently private park security services as well as the Honolulu Police Department's Crime Reduction Unit provides overnight patrols for park security.

Preparing for the Transition of Kewalo Basin

In 1990, the State Legislature expressed its intent that Kewalo Basin harbor be part of the overall Kaka'ako redevelopment and by ACT 86 transferred the ownership of the harbor to the HCDA. The Legislature reasoned that the HCDA was better equipped with the planning and regulatory tools to oversee the vision for the area including the harbor.

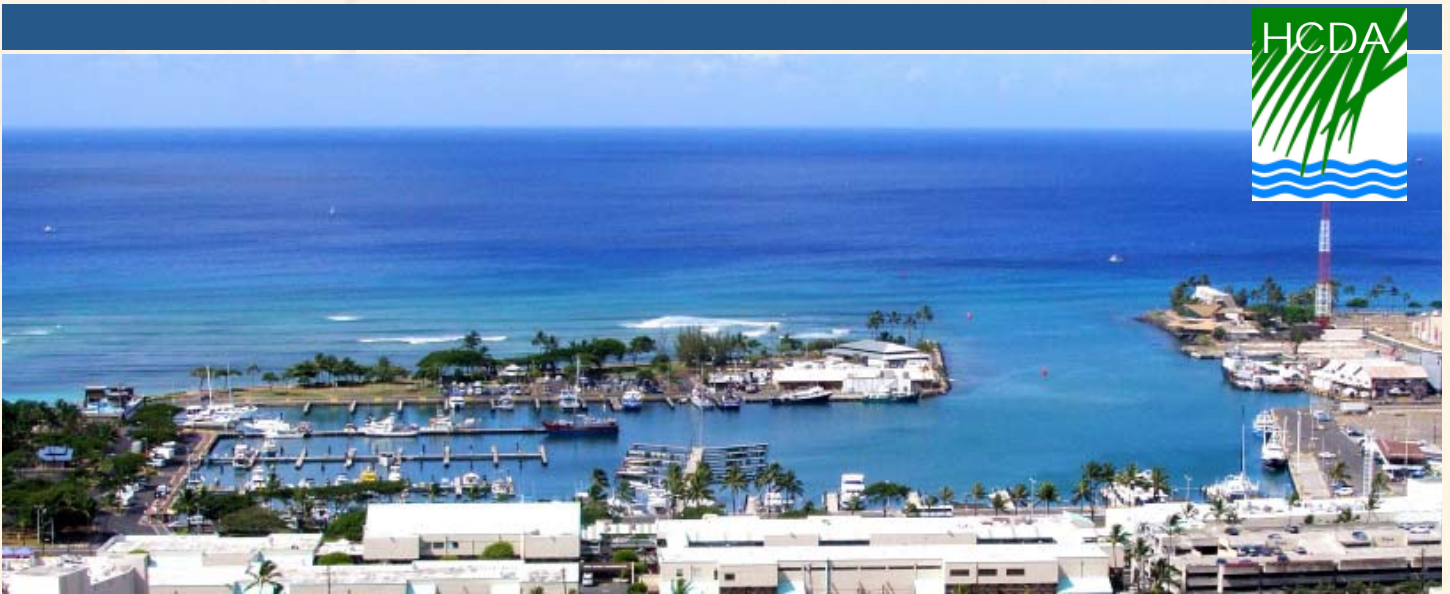
Over the past three years, the HCDA has been working with Kewalo Basin stakeholders to prepare and plan for the transfer of management and operation of Kewalo Basin from the Department of Transportation (DOT) to the HCDA. On November 5, 2008, the Authority adopted administrative rules to assure proper operation and management of the Kewalo Basin Harbor occurs. The Governor signed the administrative rules in December 2008.

The HCDA's administrative rules were drafted and revised with extensive stakeholder input to achieve this objective. The rules define permissible activities, establish fees, regulate opera-

tions within the harbor and are designed to promote safe, efficient and sustainable operations. The present condition of the facilities are in critical need of repair, posing not only safety concerns for the harbor users, but also preventing the harbor from realizing its full potential as a vibrant commercial harbor serving our commercial fishing, charter and excursion industries. Once management responsibility for the harbor is transferred, the HCDA plans to work with existing user groups and stakeholders to organize priority repair projects and effect an orderly transition.

Preparing for the Transition

Anticipating the transition, the HCDA conducted three meetings with the existing harbor stakeholders in May and June of 2008 to discuss and obtain feedback on: needs and problems faced by Kewalo Basin users; repairs and improvements that need to be made to enhance the safety and use of the harbor facilities; and proposed administrative rules to govern the management and day-to-day operations of Kewalo Basin. All



existing Kewalo Basin tour, charter fishing operators, and commercial fishermen and longliners were invited to participate in these meetings.

The Kewalo Basin administrative rules reflect the priority of preserving the use of the harbor for existing commercial fishermen, tour and charter boat operators, while enabling a fiscally responsible operation.

Working with the stakeholders, the HCDA has identified the following guiding principles for the management and operation of the harbor

- **Support existing commercial harbor activities at Kewalo Basin**
The HCDA acknowledges the industry wide economic and a regulatory pressure faced by commercial fishermen, charter fishing fleets, and tour operators, and has identified, with input from the stakeholders, issues affecting the future operation of Kewalo Basin Harbor. The HCDA will work with stakeholders to make sure that Kewalo Basin remains a viable commercial harbor for the State of Hawaii.
- **The need for repair and proper maintenance of Kewalo Basin facilities**
The HCDA has established, with the participation of stakeholders, a priority list of harbor improvements. At

the top of the list are repair, renovation and extension of Piers B and C and related electrical and security enhancements and demolition of Pier D (Herringbone Pier). Other possible projects include: improving pedestrian/vehicular access and ingress/egress to the harbor; fuel dock; restrooms; development of a convenience/bait shop; possible relocation of some fish auction activities back to Kewalo Basin; and an enhanced harbor security program.

- **Commitment to making needed improvements to Kewalo Basin**
The HCDA has developed a business plan to determine how the repair and maintenance can be accomplished with expected revenues and available financing. The HCDA is prepared to advance \$4.9 million from the HCDA revolving fund to begin the repair projects at the harbor
- **An experienced harbor manager will be retained**
The HCDA will hire a qualified and experienced management entity to serve as the harbor agent. This agent will be secured through a competitive procurement process and the HCDA estimates that the cost for this service will not exceed equivalent costs currently incurred by the DOT.



Kewalo Basin stakeholders participated in meetings held by HCDA to plan for a better transition of the harbor.

Life Sciences Industries in Kaka'ako Makai

The Promise of Economic Growth for State

The life sciences industry — with a potential global market value of \$200 billion — is undoubtedly a very promising sector of economic growth for the State of Hawaii. It's a multibillion-dollar industry that involves research, development and commercialization of many drugs and medical devices. It is a clean industry that creates well-paying jobs that can keep the kama'aina in the islands and also bring back our children who have graduated from top mainland schools but are unable to find suitable work in Hawaii. Kaka'ako, with its dynamic location linking downtown Honolulu with Waikiki and minutes from the Honolulu International Airport and the main University of Hawaii Manoa campus, promises to become the heart of new technology and the life sciences complex. The establishment of life sciences industry in Kaka'ako started with the development of the John A. Burns School of Medicine (JABSOM) in Kaka'ako Makai. Other projects that have been proposed for the area will create a critical mass and attract other life sciences-related businesses and services to the area, bringing new jobs and other opportunities to Kaka'ako that currently do not exist in the District, and, in some cases, even in Hawaii.

John A. Burns School of Medicine

Opened in 2005 in Kaka'ako, JABSOM is a world-class educational and research facility that is anchoring the growth of a strong life sciences industry in Hawaii. JABSOM is the catalyst and a tangible symbol of the movement to diversify Hawaii's economy through newly emerging science-based industries. The academic environment, which the medical school provides, will enhance the vitality and contribute to the success of biotech companies in Kaka'ako. The facility features a biosafety lab, genomics/proteomics, broadband internet, a supercomputer, seminar rooms, auditorium and library.

Cancer Research Center of Hawaii

In August 2008, Authority members authorized a lease agreement with the University of Hawaii for the development of a Cancer Research Center of Hawaii on a 5.5-acre land parcel immediately Ewa of JABSOM. The University is planning to build a Cancer Research Center equipped with research laboratory, clinical and administrative space. A Hawaii based cancer research center is increasingly important to the community because the number of cancer cases is expected to double from 5,500 new cases per year to 11,000 per year by the year 2030. The new research center is expected to provide the best and most comprehensive cancer care for the people of Hawaii. The center will give Hawaii residents access to innovative new drugs protocols and devices as these emerge from the research pipeline. The center currently brings in \$45 million per year in research funding and that figure is expected to grow significantly as opportunities for research expand with the construction of the new facility.

Kamehameha Schools' Innovation Center

Kamehameha Schools is planning the development of a 400,000 square foot Innovation Center on about 4.9 acres of land Mauka of JABSOM. The nonprofit trust plans to develop the total project site on a L-shaped parcel immediately Diamond Head and Makai of the Gold Bond building. The initial phase would consist of approximately 137,000 square feet of research space and could break ground as early as 2010. The Innovation Center is envisioned to complement JABSOM and the planned Cancer Research Center and help attract other bioscience-related businesses to the area.



John A. Burns School of Medicine



Perspective of the Cancer Research Center of Hawaii



Illustration of the Kamehameha Schools Innovation Center



Continuing the Work to Create A Center for Excellence in Kalaeloa

The HCDA—with the continuing support and participation of Kalaeloa stakeholders and the community at large—has been at work ensuring the safety and function of the District and laying the groundwork for implementation of the master plan. This plan, adopted in 2006, reflects the community's vision that Kalaeloa represent a “Wahi Ho’okela,” a Center for Excellence, in the Leeward/ ‘Ewa region. This vision is at the forefront of all HCDA activities and actions for the Kalaeloa District.

In 2007, the U.S. Navy announced its decision that a Nimitz-class aircraft carrier would not be located at Pearl Harbor. This decision allowed the HCDA to focus on the preparation of Administrative Rules to carry out the goals of the Master Plan, the formation of the Kalaeloa Advisory Team, planning for infrastructure and public safety improvements in Kalaeloa and continuing the HCDA's community outreach efforts and enlisting community participation in the District's redevelopment.

The U.S. Navy in September 2008 released the Environmental Impact Statement on the 499 acres on target to be conveyed to Ford Island Properties (FIP) LLC. Based on information gathered during preparation of the assessment, the Navy found that the proposed conveyance of the 499 acres of land and utility systems at Kalaeloa will not significantly impact human health or the environment.

In October 2008, the U.S. Navy announced that it had signed an agreement with Ford Island Properties (FIP) LLC, to convey 499 acres of land at Kalaeloa. FIP will officially receive a lease for the 499 acres in February 2009. The conveyance is in accordance with the 2007 National Defense Authorization Act which required the Navy to enter a binding agreement to convey, by sale or lease, to any public or private person outside the Department of Defense, the brokered parcels at Kalaeloa. It also required the Navy to obtain fair market value for the land. The agreement follows through on the 1999 Ford Island Special Legislation and the Master Development Plan that Congress approved in 2003, which allows the Navy to sell or lease properties in Hawaii, and use the proceeds to develop Ford Island.



The Kalaeloa Community Development District (KCDD) encompasses approximately 3,700 acres of land within the former Barbers Point Naval Air Station (BPNAS) in West Oahu. Kalaeloa is bounded by the Pacific Ocean and the lands within Roosevelt, West Perimeter, East Hansen, and Essex Roads as well as four parcels within Campbell Industrial Park.

In 1993, the U.S. Department of Defense, through the Base Realignment and Closure (BRAC) process, designated the BPNAS for closure. In response, then Governor John Waihee and Mayor Frank Fasi signed a joint letter establishing the BPNAS Reuse Committee in September 1993. In April 1997, the State Legislature redesignated the Committee as the BPNAS Redevelopment Commission (BPNAS-RC).

The BPNAS-RC served as the local reuse authority responsible for coordinating with the Department of Defense on the identification of land uses for the surplus properties within Kalaeloa. In December 1996, Governor Ben Cayetano formally approved the BPNAS Community Redevelopment Plan identifying various State and county government agencies as receiving entities for the surplus land. The Community Redevelopment Plan, with its subsequent amendments in 1998 and 2000, has served as the principal guidance document for the Federal government in the conveyance of surplus lands.

In June 2002, then Governor Ben Cayetano signed into law legislation that transferred responsibility for Kalaeloa from the BPNAS-RC to the HCDA. On July 1, 2002, the HCDA assumed the responsibility for implementation of the Community

Redevelopment Plan, overseeing remaining conveyances, contract administration, promulgation of administrative rules, and other responsibilities relating to the former BPNAS-RC. This Act also:

- expanded the designation of the Kalaeloa Community Development District to encompass all of the land within the former BPNAS, including land retained by the Navy and land conveyed to other Federal agencies;
- transferred the Kalaeloa Community Development Revolving Fund to the HCDA; and
- authorized the HCDA to assess non-federal land users for a proportionate share of its staff and operating costs for Kalaeloa.

Land ownership in Kalaeloa has remained virtually unchanged from previous years with land ownership divided amongst various Federal, State and county agencies. Development activity on government-owned land in Kalaeloa has largely been limited to improvements of the Kalaeloa Airport, several transitional homeless shelters, Barbers Point Golf Course and Hawaii Army National Guard properties.

The State Department of Hawaiian Home Lands has approximately 30 tenants with short-term leases for commercial- and industrial-related activities. The Navy also has short-term

leases for vacant buildings and lands in Kalaeloa. Revenue generated from the Navy's short-term leasing program helps to maintain Navy-owned buildings, roads and land parcels. Besides providing presence in the District, the short-term leases are important because they provide space for businesses to operate and jobs. Other Kalaeloa landowners, such as the U.S. Veterans Administration and the Hawaii Public Housing Authority, had pre-existing agreements with various organizations to assist in homeless and social support services for their respective constituents, the scope of which has expanded over the past year.

The relative absence of development and conveyances during FY 2007 was due, in large part, to discussion regarding the

forementioned home porting of an aircraft carrier strike group at Pearl Harbor and the possibility of stationing the aircraft carrier's air wing at Kalaeloa. Despite the uncertainty surrounding the potential homeporting, other major landowners and users in Kalaeloa such as the Barbers Point Elementary School, the U.S. Coast Guard Air Station Barbers Point (USCG), Kalaeloa Airport, and Hawaii Army National Guard Youth Challenge Program continued their activities in FY 2007. In addition, the public access to Kalaeloa's beaches and use of the baseball/football park facilities and camping grounds that are under license to the City & County of Honolulu were maintained during FY 2007.



The Kalaeloa Master Plan, a community development plan for the Kalaeloa Community Development District, was adopted by the HCDA on March 1, 2006. The Master Plan was subsequently approved by Governor Linda Lingle in August 2006 and will serve as an amendment to the existing Kalaeloa Community Redevelopment Plan, which was prepared as part of the BRAC process.

With a 20-year build out period, the Master Plan envisions mixed-use development and preservation of open spaces in

Kalaeloa. Components of the Plan include:

- improving connectivity within the region through a series of new regional north-south and east-west roadways;
- providing for the integration of a regional mass transportation system; creating business opportunities with over 3,000,000 square feet of mixed-use commercial/office and light industrial land use designations;

Kalaheo Master Plan Preferred Land Uses



- 6,350 residential units (with a minimum of 30 percent of affordable units);
- accommodating two new public schools to support new residential communities;
- eco-industrial and alternative energy development;
- the protection of cultural and natural resources;
- creation of 7,000 new job opportunities; and
- the preservation of hundreds of acres of open space for recreation, beach access, and parks.

Throughout the entire planning process, the HCDA solicited and received the participation of the public, Kalaeloa stakeholders, Federal, State and county agencies, and elected officials. During this planning period, the community and stakeholders engaged, through focus group and informational meetings and a public hearing, in meaningful dialogue and contributed towards the articulation of a viable land use framework that embraces the vision for Kalaeloa.

The Past Twelve Months in Focus

The HCDA facilitates the work of four community-based groups that strive to improve current conditions in Kalaeloa and help to move the District forward. The four groups are the Kalaeloa Public Safety group (KPS), the Kalaeloa Community Network (KCN), the Kalaeloa Advisory Team (KAT) and the Kalaeloa Archaeological and Cultural Hui (KACH). With four current workgroups meeting on Kalaeloa Community Development District matters, the HCDA has access to the expertise, experience, and commitment of over 60 stakeholders and volunteers.

The Kalaeloa Public Safety (KPS) Workgroup

In order to address increasing complaints of public safety issues and increased wear on infrastructure in Kalaeloa, the HCDA established the KPS team in May 2006. The KPS meets monthly and is committed to addressing the health and public safety issues facing Kalaeloa. Participation from State, federal and city and county agencies continues to grow and includes the City and County of Honolulu Departments of Design and Construction/Facility Maintenance/Parks and Recreation/Transportation Services, Honolulu Police Department (HPD), Honolulu Fire Department, Federal Fire Department, Naval Station Westloch Police Annex (Navy Security), Navy Region Hawaii, Department of Transportation, USCG, Hawaii Army National Guard (HIARNG), State of Hawaii Sheriff's Depart-

ment, Kalaeloa Airport Crash Fire Rescue team and the Hawaii Public Housing Authority. The KPS meets every month to allow participating agencies to clarify jurisdiction, collaborate, and focus on addressing all safety and illegal conditions within the District.

In FY 2007 the KPS continued their efforts to deal with unsafe environmental and illegal conditions in the area's beaches, camping areas and other public places. Navy Security and HPD continue enhanced patrols in the District, which has resulted in significant reductions in criminal activity. Random identification checks along frequently populated roadways have also helped to increase security within Kalaeloa.

In the past year, Navy Security began patrols on all terrain vehicles (ATV). The ATVs allow officers to conduct efficient patrols along the beach/camping areas and allow officer access to more remote areas in the District. During the holidays, officers maintain a sunrise to sunset patrol schedule.

Another focus of the KPS has been the maintenance and reconditioning of roadways and pedestrian walk paths. During the past year, the DOT and the City and County of Honolulu conducted major maintenance projects on Kalaeloa roadways. The scope of work included installation



Kalaeloa beach and camping areas are now cleaner and safer for public use.



of new signage, restriping of crosswalks, lanes and road shoulders and removal of overgrown vegetation. The new speed limit and pedestrian signage helps night time vision in the area and improves public safety. Additionally, non-essential roadways have been closed off in order to discourage trespassing, dumping and brush fires.

The KPS monthly meetings and communications established in the past fiscal year proved to be valuable in 2007 as the Hawaii State Legislature appropriated \$250,000 for life safety projects to address decaying and unsafe conditions in Kalaeloa. In November of 2007, the Governor released the funds and HCDA staff is moving forward with hiring contractors to address lighting, walkways, and other life safety improvement projects. The 2008 legislature continued its commitment for life safety projects by appropriating \$850,000 for this purpose. The HCDA's efforts to build and strengthen collaboration between agencies have resulted in added street maintenance by the State, increased Navy security and HPD presence, crime reduction along the beaches, consistent maintenance of overgrown areas, and a heightened focus on agency budgeting for the District.

Kalaeloa Community Network (KCN)

The HCDA also engages Kalaeloa landowners, businesses, residents and elected officials through its monthly meetings of the KCN. The HCDA started the KCN in October 2006 to create a forum to exchange information, address issues that affect those that work, live and play in Kalaeloa, and to engage elected officials for guidance and assistance. Since its formation in 2006, the KCN membership has more than doubled in size and now includes participation from American Renaissance Academy, Councilmember Todd Apo, Barbers Point Commissary, Barbers Point Elementary School, Bauske



Above, volunteers work to beautify the Geiger Gate entrance of Kalaeloa.



Environmental, Containers Hawaii, Department of Transportation – Kalaeloa Airport, Senator Mike Gabbard, Representative Sharon Har, Department of Hawaiian Homes Lands, Hawaii National Guard Youth Challenge Academy, Hawaii Forward March, Hawaii Public Housing Authority, HIARNG, Hope Chapel Kapolei, Hunt Building Company, Kalaeloa Rental Homes, Mercy Vineyard West Oahu, Naval Air Museum Barbers Point, Navy Region Hawaii, Onelau'ena Transitional Shelter, Onemalu Transitional Shelter, Responsive Caregivers of Hawaii, Subway Barbers Point, USCG, U.S. Vets and the West O'ahu Community Federal Credit Union.

In FY 2007, the KCN continued their efforts to build community pride by conducting a complete makeover of the Ft. Geiger entrance. The HCDA supported this project by approving \$15,000 for project expenses. The improvements included removal of rusted equipment/fences/barbed wire, painting of curbs and surrounding structures, landscaping, lighting, irrigation and new signage. Approximately 100+ volunteers from the community and area businesses contributed manpower, heavy equipment and operators, materials and other donations. It is estimated that these donations added \$25,000 in value to the project's completion. The Kalaeloa entrance sign features an *ulu* quilt logo that represents rebirth and renewal. It is a duplicate of the sign that also graces the district's Ft. Barrette entrance.

The Kalaeloa Advisory Team (KAT)

Administrative Rules for Kalaeloa is integral to the implementation of the Master Plan. These rules are currently being prepared in accordance with State requirements and will involve community coordination, consultation with the City & County of Honolulu, a formal public hearing, and final approval



Residents from five transitional facilities in Kalaeloa are now being served by a shuttle bus and van service.

by the Governor. Once adopted, the Administrative Rules will establish the land use and zoning codes for Kalaeloa.

The KAT was established to provide suggestions and feedback to the HCDA staff on planning and development matters in the Kalaeloa District. The KAT includes members from the Waianae, Kapolei, and Ewa Neighborhood boards, area developers, area legislators, district non-profit organizations and the HCDA task force. A KAT subcommittee was assembled to work specifically on the Administrative Rules. In early 2006, the planning firm of Townscape Inc. was hired as the consultant to assist HCDA and its stakeholders to develop the rules. The KAT members, HCDA staff, and consultants continue to work diligently on a draft for public review by early 2009.



The Kalaeloa Archaeological and Cultural Hui (KACH)

In FY2007, the HCDA also formed the KACH for the preservation of the District's archaeological and cultural sites. The Kalaeloa Archaeological and Cultural Hui (KACH), composed of participants from the Ahahui Sawila O Kapolei and the Hoakalei Foundation, assists the HCDA with culturally sensitive issues arising in the KCDD. The KACH will continue to play a vital role in achieving a Wahi Ho'okela.

Government Agency Coordination

Given the multiple land ownership in Kalaeloa of Federal, State, City, and private, it is vital for the HCDA to continue to collaborate with all Kalaeloa stakeholders to address the variety of issues affecting the District. In the summer of 2007, "all-hands" meetings were organized to move BRAC lands and the 499-plus acres of Navy retained land (or commonly referred to as "Brokered Land") conveyances forward. The participating members and agencies included Congressman Neil Abercrombie, HCDA Member Micah Kane [Chairman of the Hawaiian Homes Commission of Department of Hawaiian Home Lands (DHHL)], General Robert Lee, Parks and Recreation Director Lester Chang, Executive Assistant Tim Houghton, City and County Department of Environmental Services and Navy Region Hawaii. In 2008, coordination and collaboration of government agencies continues to be a critical part of the effort to bring planned development to Kalaeloa.

Infrastructure Planning

The infrastructure conditions in Kalaeloa are sub-standard and local agencies will not accept conveyance until it is brought up to minimal standards. Though it may be sufficient for current users, the Kalaeloa Master Plan requires upgrading or construction of new infrastructure for sewer, drainage, roadway, water, electric, and telecommunications. The HCDA will explore all opportunities and will continue to work with agencies, stakeholders, and all interested developers to address infrastructure needs. In FY 2008, preliminary discussions began with Hawaiian Electric Company and other public utilities to establish a "smart grid" energy corridor from the intersection of Ft. Barrette Road and Kapolei Parkway to Midway Road fronting the Kalaeloa Airport.

Establishment of Kalaeloa Shuttle Buses

Residents from the five transitional shelters and facilities in Kalaeloa are now being served by a shuttle bus and van that provide transportation from the shelters, through Kalaeloa, and to the Kapolei Transit Center and back. The shuttles, a collaborative effort between Hawaii Helping the Hungry Have Hope (H5), the Hawaii HCDA, and local shelters, began service on June 2, 2008. Prior to the shuttle, there was very limited City bus service to Kalaeloa. Community leaders, neighborhood board members and HCDA members were very concerned about residents that needed transportation to the Kapolei Transit Center during the day. Service providers

indicated that their families needed transportation after their children left for school and before they came home in the afternoon. Also, due to the lack of sidewalks in the District, people were walking on the roads and creating public safety concerns.

The pilot project utilizes a bus and van that was donated by Roberts Hawaii and refurbished by donated services. At the end of the first week of operations, over 200 people used the shuttle and there has been consistent increases in ridership. The goal is to project the ridership to the City and County's TheBus program in hopes that increased city bus service will be provided to the Kalaeloa District in the future.

The Kalaeloa Shuttle is being provided by the H5 non-profit organization founded by Utu Langi in 1996 as an outreach mission serving Hawaii's hungry out of the First United Methodist Church. The Kalaeloa Shuttle runs hourly Monday through Friday and every ninety minutes on Saturdays.

Homeless Facilities in Kalaeloa

Kalaeloa is now the location for three homeless shelters being operated by the Hawaii Public Housing Authority (HPHA). These include: Onemalu, which opened in 2001; Hale Ulu Pono, a shelter for those with mental illnesses, which opened in 2004; and Onelauena, a transitional shelter in a converted military building - which opened in 2006.

The HPHA requested use of Building 36 for its fourth and last shelter in Kalaeloa. The HPHA is converting these former Navy men's quarters into a shelter for homeless singles and couples that can accommodate up to 150 people in about 71 units. Building 36 was originally slated for the University of Hawaii, but the University subsequently returned the building to the Federal Department of Education. The U.S. Navy agreed to an interim lease with the HCDA, which is leasing to HPHA. Renovation work on Building 36 was ongoing in 2008 and the plan is to open the facility in December 2008.

Continued Community Outreach

The HCDA has expanded the level of community outreach by providing quarterly updates at the Waianae and Ewa Neighborhood Boards in addition to the monthly updates for Kapolei Neighborhood Board.

The Coming Years

In the coming year, the HCDA will focus on continuing the promulgation of Administrative Rules for the Kalaeloa District and needed infrastructure planning. The HCDA intends to continue and expand its community outreach efforts by increasing opportunities for facilitation of community and business relations. The HCDA will also pursue legislative support to construct an energy corridor to kick start badly needed infrastructure improvements in Kalaeloa.

The next several years will be a very dynamic time for the HCDA and the Kalaeloa District. Decisions and plans for surrounding areas will all have a profound impact on life within the Leeward/Ewa region and Kalaeloa. In order to create a better tomorrow, it is important that the HCDA proactively interfaces with neighboring developers, engage the support of the community and elected officials, and breathe life into the redevelopment of this special District.



Hawaii Community Development Authority
Financial Highlights
 For Fiscal Year Ended June 30, 2008



Improvement Districts

Invested in infrastructure upgrades **426,102**



Parks

Park operating maintenance and security **681,113**
 New park development and art work **0**



Staff & Office

Personnel expenditure **1,809,718**
 Administrative expenditure **417,088**



Planning

Permit approved **77**
 Worth of projects in million \$ **15**



Kalaeloa

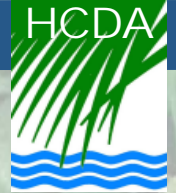
Community development rules **54,000**
 Personnel expenditure **131,686**
 Administrative expenditure **57,390**



Financial Information

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2007 and 2008

<u>ASSETS</u> 2008	<u>6/30/2007</u>	<u>Restated 7/1/07</u>	<u>6/30/</u>
CURRENT ASSETS			
Cash and cash equivalents	52,001,456	52,001,456	49,670,866
Due from State	-	-	2,163,386
Accounts receivable	402,938	402,938	434,897
Prepaid expenses	-	-	22,850
TOTAL CURRENT ASSETS	<u>52,404,394</u>	<u>52,404,394</u>	<u>52,291,999</u>
LONG-TERM ASSETS			
Investment in limited partnerships	159,221	159,221	152,924
Water source allocation credits	257,000	257,000	257,000
Due from other funds	5,313,819	5,313,819	-
TOTAL LONG-TERM ASSETS	<u>5,730,040</u>	<u>5,730,040</u>	<u>409,924</u>
CAPITAL ASSETS			
Land, improvements and construction in progress	188,294,865	132,357,421	118,842,539
Other capital assets, net of depreciation	61,572,619	39,166,118	42,317,138
TOTAL CAPITAL ASSETS	<u>249,867,484</u>	<u>171,523,539</u>	<u>161,159,677</u>
TOTAL ASSETS	<u>308,001,918</u>	<u>229,657,973</u>	<u>213,861,600</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	943,941	943,941	428,056
Accrued payroll	91,182	91,182	103,756
Deferred revenues	272,372	272,372	132,814
Rental security deposit	203,094	203,094	81,184
TOTAL CURRENT LIABILITIES	<u>1,510,589</u>	<u>1,510,589</u>	<u>745,810</u>
LONG-TERM LIABILITIES			
Due within one year	68,074	68,074	73,313
Due in more than one year	31,286,281	31,286,281	26,154,167
TOTAL LONG-TERM LIABILITIES	<u>31,354,355</u>	<u>31,354,355</u>	<u>26,227,480</u>
TOTAL LIABILITIES	<u>32,864,944</u>	<u>32,864,945</u>	<u>26,973,290</u>
NET ASSETS			
INVESTED IN CAPITAL ASSETS	249,867,484	171,523,539	161,159,677
RESTRICTED FOR:			
Capital projects	14,907,119	14,907,119	1,860,471
Community redevelopment	27,564,610	27,564,610	37,681,711
Other purposes	8,675,576	8,675,576	12,257,507
UNRESTRICTED (DEFICIT)	<u>(25,877,815)</u>	<u>(25,877,815)</u>	<u>(26,071,056)</u>
TOTAL NET ASSETS	<u>275,136,974</u>	<u>196,793,029</u>	<u>186,888,310</u>
TOTAL LIABILITIES AND NET ASSETS	<u>308,001,918</u>	<u>229,657,973</u>	<u>213,861,600</u>



STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

GOVERNMENT ACTIVITIES

General government	321,156	-	(321,156)
Leasing and managing	1,738,291	5,467,442	3,729,151
Community redevelopment	1,553,605	3,151,060	1,597,455
Capital improvement project	12,821,906	-	(12,821,906)
TOTAL GOVERNMENT ACTIVITIES	<u>16,434,958</u>	<u>8,618,502</u>	<u>(7,816,456)</u>

GENERAL REVENUES

State allotments	2,320,656
Investment earnings	2,066,618
Miscellaneous	495
Lapsed appropriation	(6,476,032)

OTHER USES - Transfer, net

-

CHANGE IN NET ASSETS

(9,904,719)

NET ASSETS, beginning of year

275,136,974

Prior period adjustments

(78,343,945)

NET ASSETS, beginning of year, as restated 07/01/2007

196,793,029

NET ASSETS, end of year

186,888,310



STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

ASSETS

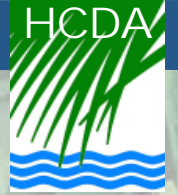
Cash and cash equivalents	3,500	12,145,803	37,521,563	-	49,670,866
Due from State	-	-	-	2,163,386	2,163,386
Accounts receivable	-	408,160	26,737	-	434,897
Prepaid expenses	-	<u>22,850</u>	<u>257,000</u>	-	<u>279,850</u>
TOTAL ASSETS	<u>3,500</u>	<u>12,576,813</u>	<u>37,805,300</u>	<u>2,163,386</u>	<u>52,548,999</u>

LIABILITIES AND FUND BALANCES

Accounts payable	-	128,209	100,688	199,159	428,056
Accrued payroll	-	-	-	103,756	103,756
Unearned revenue	-	109,913	22,900	-	132,814
Rental security deposit	-	81,184	-	-	81,184
Due to State General Fund	<u>3,500</u>	-	-	-	<u>3,500</u>
TOTAL LIABILITIES	<u>3,500</u>	<u>319,306</u>	<u>123,589</u>	<u>302,915</u>	<u>749,310</u>

FUND BALANCES

Reserved for:					
Encumbrances	-	204,208	371,667	1,232,471	1,808,346
Public facilities	-	-	19,022,760	-	19,022,760
Housing program	-	-	1,881,930	-	1,881,930
Future contract	-	-	-	628,000	628,000
Unreserved	-	<u>12,053,299</u>	<u>16,405,354</u>	-	<u>28,458,653</u>
TOTAL FUND BALANCES	<u>-</u>	<u>12,257,507</u>	<u>37,681,711</u>	<u>1,860,471</u>	<u>51,799,689</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>3,500</u>	<u>12,576,813</u>	<u>37,805,300</u>	<u>2,163,386</u>	<u>52,548,999</u>



STATE OF HAWAII
 HAWAII COMMUNITY DEVELOPMENT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

REVENUES

State allotted appropriations	320,656	-	-	2,000,000	2,320,656
Contributions from property owners	-	-	1,120,816	-	1,120,816
Dedication and reserve housing fees	-	-	2,030,244	-	2,030,244
Investment earnings	-	457,263	1,609,355	-	2,066,618
Leasing and management	-	5,467,442	-	-	5,467,442
Other	-	476	19	-	495
TOTAL REVENUES	320,656	5,925,181	4,760,434	2,000,000	13,006,271

EXPENDITURES

General government	321,156	-	-	-	321,156
Capital outlays	-	1,477,750	690,384	3,388,565	5,556,699
TOTAL EXPENDITURES	321,156	1,477,750	690,384	3,388,565	5,877,855

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

(500)	4,447,431	4,070,050	(1,388,565)	7,128,416
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OTHER FINANCING SOURCES (USES)

Transfer in (out)	-	(865,000)	6,047,050	(5,182,051)	-
Transfer to General Fund	-	-	-	-	-
Lapsed appropriation	-	-	-	(6,476,032)	(6,476,032)

NET CHANGE IN FUND BALANCES

(500)	3,582,431	10,117,101	(13,046,648)	652,384
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FUND BALANCE, Beginning of year, as restated 07/01/2007	500	8,675,076	27,564,610	14,907,119	51,147,305
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FUND BALANCE, End of year	-	12,257,507	37,681,711	1,860,471	51,799,689
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